EX PARTE OR LATE FILED

January 30, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N. W.
Washington, D. C. 20554

RE: LEC-CMRS Safeguards, WT Docket No. 96-162

Dear Mr. Caton:

Attached is a copy of a letter hand-delivered today to Ms. Karen Brinkmann and Ms. Jane Halprin of the Commission's Wireless Telecommunications Bureau. The letter addresses issues raised in the above-referenced proceeding.

Please include a copy of this letter in the file for this proceeding in accordance with the Commission's rules concerning ex parte communications.

Questions concerning this matter should be directed to the undersigned.

Sincerely,

Carol L. Bjelland

Attachment

CC: K. Brinkmann
J. Halprin

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List ABCDE

GTE Service Corporation
1850 M Street, N.W. Suite 1200
Washington, DC 20036
(202) 463-5232

Carol L. Bjelland
Director
Regulatory Matters

January 30, 1997

Ms. Karen Brinkmann
Associate Bureau Chief
and
Ms. Jane Halprin
Legal Advisor to the Division Chief-Commercial Wireless Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N. W.
Washington, D. C. 20554

RE: EX PARTE: LEC-CMRS Safeguards, WT Docket No. 96-162

Dear Ms. Brinkmann and Ms. Halprin:

In December, 1996, representatives of GTE met with you to discuss GTE's position on various issues raised in the above-referenced proceeding. In the course of that discussion, we reiterated statements contained in GTE's comments and reply comments filed in this proceeding concerning the implications of the safeguards proposed. You requested that we elaborate on these points in a follow-up communication.

GTE believes that the competitive-carrier type safeguards proposed in this proceeding, if adopted, will have a detrimental effect on competition. The ability of LECs with affiliated CMRS licensees to jointly own transmission and switching facilities is critical to vigorous competition, especially given the convergence of network technologies. The Commission should encourage, rather than restrict, the actions of companies such as GTE to develop and deploy services that maximize the inherent synergies between wireless and wireline technology and operations.

Indeed, the spectrum policy paper recently prepared and released by members of the Commission's Staff parallels such an outcome. The paper suggests at the outset that "the Commission should continue and expand upon the initiatives it has already taken to adopt spectrum policies that promote competition, allow maximum flexibility, encourage technical efficiency, promote innovation, facilitate seamless networks, and maximize the amount of spectrum available for use." *"Using Market-Based Spectrum Policy to Promote the Public Interest"*, G. L. Rosston and J. S. Steinberg, at page 1 (January 1997). Moreover, "[t]he Commission should endeavor to minimize regulations governing how services may be provided, which limit competition, obstruct innovation and impede efficient investment...." *Id.* at 5. "[T]echnical flexibility means that users should have broad freedom to choose the technologies and equipment that they will use to provide services. Technical flexibility gives spectrum users the ability and incentive to develop and implement innovative, spectrum-efficient, low-cost, and consumer-responsive technologies for delivering

their services without unnecessary delay or regulatory interference." *Id.* at 11. GTE believes that these guiding principles should be equally analogous to wireline and hybrid wireless-wireline services, as implicated in this rulemaking proceeding.

The Commission has previously concluded that the integration of wireline and wireless technologies and services is clearly in the public interest. In approving the merger of AT&T and McCaw, the Commission found that the merger of these wireless and wireline titans would enable each entity "to rely on the other's significant technological capabilities", and would also "lead to a broadened range of consumer choices, more price competition, an increased responsiveness to consumer needs and desires on the part of competing carriers and potential entrants, as well as incentives for continued technical and service innovations in the cellular service business." *McCaw/AT&T Transfer Memorandum Opinion and Order*, 9 FCC Rcd 5836, 5871 (1994).

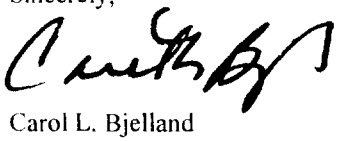
Wireline and wireless telecommunications technology is converging. Central office switch architecture is evolving in a manner that brings the wireless interface within a common switching platform with its wireline counterpart. This type of equipment is currently available, and likely to become more prevalent in the near future. When deployed, this innovative switching architecture permits the connection of wireless cell sites with the PSTN and other network switching offices for the delivery of seamless service to subscribers. Such an integrated approach to network infrastructure can support more cost effective and time efficient delivery of new and enhanced wireline and wireless services to various market areas and segments, from those of low penetration such as rural areas, to those of high concentration or high volume traffic. So too, this network architecture can accommodate future growth with relative ease, minimal reengineering and design, and without disruption to existing functions and call processing. A diagram illustrating an example of a common switching architecture for integrated wireless and wireline services is attached.

With this type of integrated switch architecture, both wireless and wireline digital communications can be delivered by the same set of common control equipment, offering the service provider(s) not only a far greater degree of flexibility to respond to changing market demand, but an excellent opportunity to eliminate redundancy in network investment, operations, technical support, administration and maintenance. Deployment and use of integrated switching and transmission equipment offers several economic benefits. Site selection, design and construction for jointly-owned and operated network facilities eliminates duplication of effort, both in terms of time and money, for local siting authorities and agencies as well as service providers. Service providers can realize lower trunking costs when able to provide one large trunk group to an end office, versus reliance on an additional smaller, more inefficient trunk group carrying traffic to a purely wireless switch node. In an integrated network environment, billing collection polling and associated equipment would be reduced with wireless and wireline switches on the same platform. So too, voice messaging service providers would be able to serve wireless and wireline customers with the same data link, eliminating the need for separate, independent data links to both wireline and wireless switches.

Consumers of telecommunications products and services have made clear that their demands cross traditional technology boundaries. "One-stop" shopping for packages of voice and data communications services, delivered by wireless, wireline or a combination of both, has quickly become "table-stakes" in today's competitive marketplace. Consumers are seeking extensions and enhancements of existing services (e.g. "wired" PBX with wireless stations and wireless computer integration) as well as new services (access to various data-based services and applications) that can accommodate their business and personal use, whether in a mobile or fixed environment.

The technology convergence discussed above is a reflection of customer demand. Telecommunications customers have already recognized the convergence and integration of wireless and wireline services. It is incumbent upon the FCC to keep step with the competitive marketplace and adopt rules that are consistent with the public interest. The joint ownership of switching and transmission equipment by LECs and affiliated CMRS licensees is the nexus to the efficient extension and expansion of existing and emerging telecommunications products and services.

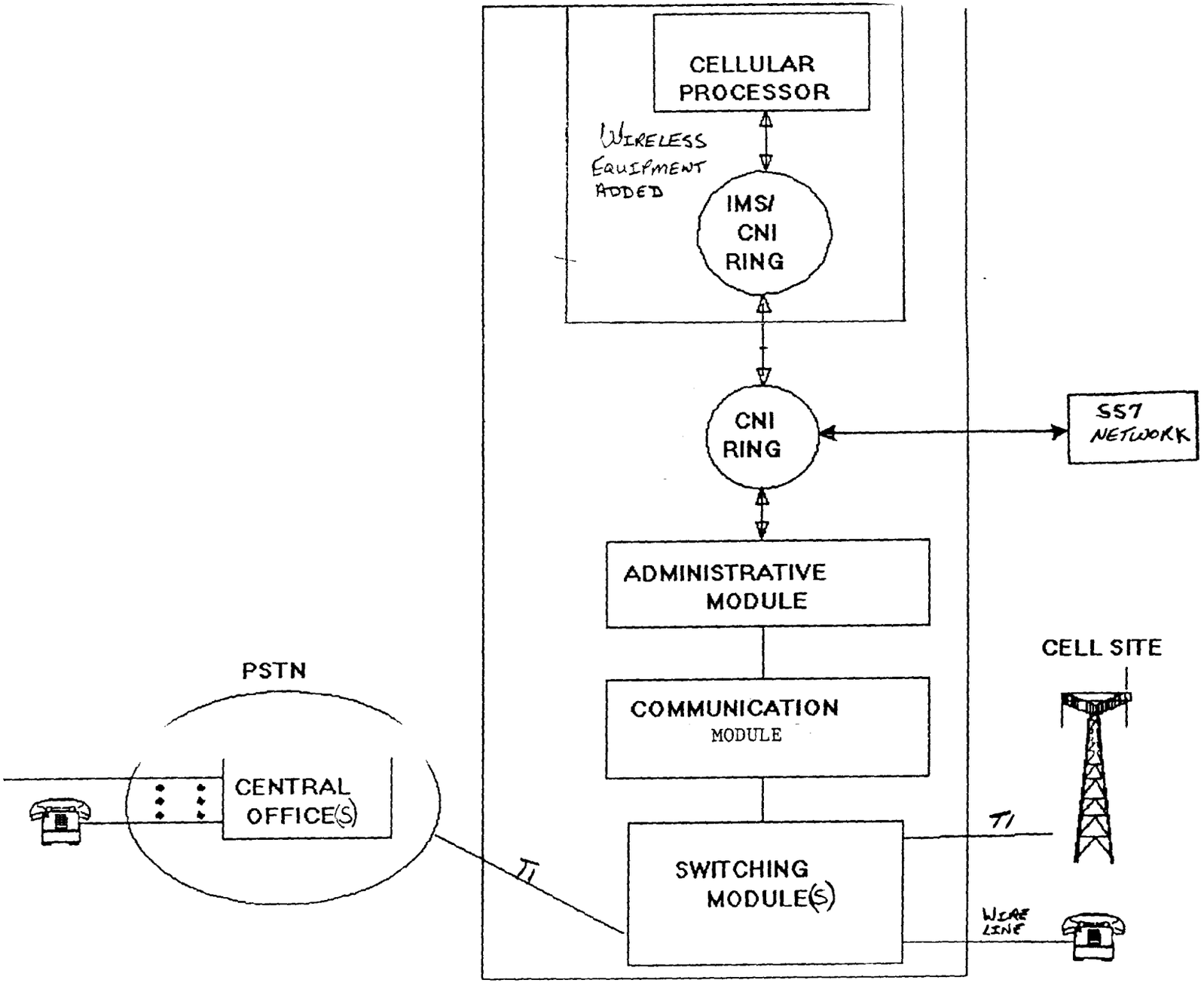
Sincerely,



Carol L. Bjelland

Attachment

CC: D. Furth
M. Savir


CELLULAR PROCESSOR
WIRELESS EQUIPMENT ADDED
IMSI CNI RING
CNI RING
SS7 NETWORK
ADMINISTRATIVE MODULE
COMMUNICATION MODULE
SWITCHING MODULE(S)
CELL SITE
PSTN
CENTRAL OFFICE(S)
T1
T1
WIRE LINE